

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Methuen Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: January 24, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.75% to 7.50% and the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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Alternative 2
7.50% Investment Return
5.0% Total Increasing to FY33

Methuen Retirement System
January 1, 2016 Actuarial Valuation

Total Increasing 5.0% until FY33

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERI</u>	<u>Amort. of 2003 ERI</u>	<u>Amort. Of 2010 ERI</u>	<u>Pension Holiday</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Increase Total Cost</u>
2017	2,869,582	35,000	7,488,718	207,947	241,806	222,754	73,593	11,139,400	122,920,474	
2018	2,998,713	35,000	7,893,036	217,304	252,688	222,754	76,905	11,696,400	123,287,079	5.0%
2019	3,133,655	35,000	8,318,284	227,083	264,059	222,754	80,366	12,281,200	123,221,222	5.0%
2020	3,274,669	35,000	8,765,651	237,302	275,941	222,754	83,982	12,895,300	122,666,827	5.0%
2021	3,422,029	35,000	9,236,216	247,980	288,359	222,754	87,762	13,540,100	121,562,286	5.0%
2022	3,576,021	35,000	9,731,140	259,139	301,335	222,754	91,711	14,217,100	119,840,157	5.0%
2023	3,736,942	35,000	10,474,525	270,801	314,895		95,838	14,928,000	117,426,634	5.0%
2024	3,905,104	35,000	11,022,094	282,987	329,065		100,150	15,674,400	114,240,869	5.0%
2025	4,080,834	35,000	11,598,015	295,721	343,873		104,657	16,458,100	110,194,566	5.0%
2026	4,264,471	35,000	12,981,529					17,281,000	105,191,222	5.0%
2027	4,456,373	35,000	13,653,727					18,145,100	99,125,420	5.0%
2028	4,656,909	35,000	14,360,491					19,052,400	91,882,070	5.0%
2029	4,866,470	35,000	15,103,530					20,005,000	83,335,698	5.0%
2030	5,085,461	35,000	15,884,839					21,005,300	73,349,580	5.0%
2031	5,314,307	35,000	16,706,293					22,055,600	61,774,597	5.0%
2032	5,553,451	35,000	17,569,949					23,158,400	48,448,427	5.0%
2033	5,803,356	35,000	18,477,944					24,316,300	33,194,364	5.0%
2034	6,064,507	35,000	15,820,152					21,919,659	15,820,152	-9.9%
2035	6,337,410	35,000						6,372,410	0	-70.9%

Appropriation payments assumed to be made on July 1 of each fiscal year

Normal cost assumed to increase 4.5% per year

Assumed expenses of \$520,000

Total appropriation increases 5% each year through FY33 with final amortization payment in FY34.